

**INDEPENDENT AUDITORS' REPORT
OF
SOCIETY FOR THE ADVANCEMENT OF COMMUNITY
HEALTH, EDUCATION AND TRAINING (SACHET)**

We have audited the annexed balance sheet of "SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING (SACHET)" as at June 30, 2016 and income and expenditure account, statement of cash flows along with the notes forming part thereof, for the year ended June 30, 2016 (here-in-after referred to as the financial statements).

Management's Responsibility

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and the explanations given to us, we have found the balance sheet of "SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING (SACHET)" as at June 30, 2016 and income and expenditure account, statement of cash flows along with the notes forming part thereof, for the year ended June 30, 2016 to be in order and in accordance with the record provided to us. We are satisfied that the amount of grant shown in the statement of accounts have been spent on the objects for which they were made within the specified limit. We have also satisfied ourselves about the propriety of disbursement made from the grant.

Place: Islamabad.

Dated: 02 DEC 2016


HORWATH HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)



SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
 BALANCE SHEET
 AS AT JUNE 30, 2016

	Notes	2016 ------(Rupees)-----	2015
FUND AND LIABILITIES			
FUND			
General fund	3	109,832,802	110,459,532
NON-CURRENT LIABILITIES			
Deferred income	4	12,529,213	14,373,924
Provident fund		2,686,680	2,423,078
		15,215,893	16,797,002
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	5	1,051,257	1,773,411
Advance rent		350,000	148,500
		1,401,257	1,921,911
TOTAL FUND AND LIABILITIES		126,449,952	129,178,445
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	21,868,192	23,083,279
Long term investments	7	102,350,000	102,350,000
		124,218,192	125,433,279
CURRENT ASSETS			
Short term investments	8	342,168	311,888
Loans and advances to staff		105,105	132,818
Return on investment receivables		1,033,408	-
Deposits and prepayments		20,800	35,665
Cash and bank balances	9	730,279	3,264,795
		2,231,760	3,745,166
		126,449,952	129,178,445

AUDITORS' REPORT ANNEXED:

The annexed notes form an integral part of these financial statements.


 PRESIDENT


 CHIEF EXECUTIVE
 DIRECTOR


 SECRETARY
 GENERAL


o/c


SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016 -----(Rupees)-----	2015
INCOME			
Zakat and usher committee, Islamabad		1,000,000	1,000,000
Amortization of deferred income		1,844,711	1,844,711
Income from programs	10	300,000	847,206
Other income	11	14,949,105	13,722,041
		18,093,816	17,413,958
OPERATING EXPENDITURE			
Program support cost	12	7,569,928	7,981,557
Direct programs cost	13	11,145,672	11,005,026
Bank charges		4,946	7,600
		(18,720,546)	(18,994,183)
Surplus/ (deficit) transferred to general fund		<u>(626,730)</u>	<u>(1,580,225)</u>

The annexed notes form an integral part of these financial statements.


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o/c

SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
Notes	-----	-----
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus/ (deficit) for the year	(626,730)	(1,580,225)
Adjustments for Depreciation	1,431,087	1,519,214
Deferred income	(1,844,711)	(1,844,711)
Adjustment for changes in estimate	-	1,153,491
(Deficit) before working capital changes	<u>(1,040,354)</u>	<u>(752,231)</u>
(Increase)/decrease in advances and prepayments	(30,280)	974,636
(Increase)/decrease in receivables	(1,033,408)	-
(Increase)/decrease in loan and advances to staff	27,713	(32,838)
(Increase)/ decrease in prepayments	14,865	19,343
Increase/ (decrease) in advance received	201,500	148,500
Increase/ (decrease) in accruals and other payables	(722,154)	(957,348)
	<u>(1,541,764)</u>	<u>152,293</u>
Net cash flow used in operating activities	<u>(2,582,118)</u>	<u>(599,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(216,000)	(371,702)
Long term investment endowment fund	-	1,340,464
Net cash flow used in investing activities	<u>(216,000)</u>	<u>968,762</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in long term liability	263,602	293,689
Net cash flow from financing activities	<u>263,602</u>	<u>293,689</u>
Net increase in cash and cash equivalents	(2,534,516)	662,513
Cash and cash equivalents at the beginning of the year	9 3,264,795	2,602,282
Cash and cash equivalents at the end of the year	<u>730,279</u>	<u>3,264,795</u>


PRESIDENT


**CHIEF EXECUTIVE
 DIRECTOR**


**SECRETARY
 GENERAL**



SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE SOCIETY AND ITS OPERATIONS

Society for the Advancement of Community Health, Education and Training - Pakistan (SACHET / the Society) is an independent, voluntary, non-government, non-political and non-profit organization, registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The Society has been established to provide health support, education and skills training to the poor and un-privileged classes of population. SACHET also co-operates with national and international non-profit organizations / associations and individuals engaged in the promotion of its objectives and various programs. The registered office is situated at office # 34, First Floor, Al-Baber Centre, F-8 Markaz, Islamabad.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan.

(b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value.

(c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

2.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of certain property and equipment comprises historical cost.

Depreciation charge is based on the reducing balance method, whereby the cost or revalued amount of an asset is written off to the income and expenditure account over its estimated useful life. Depreciation on addition is charged in the year in which the asset is available for use and no depreciation is charged in the year of disposal. Normal repair and maintenance is charged to income, as and when incurred. Gain or loss on disposal is taken to income currently.

Renewals and improvements are capitalized, when it is probable that respective future economic benefits will flow to the Society, and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

The Society, after review of assets' residual values and useful lives, has changed its estimates of depreciation. Depreciation on addition is now charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Previously, depreciation for entire year was charged on assets in the year of addition while no depreciation was charged in the year the assets were disposed off.

The above revision has been accounted for as change in accounting estimate in accordance with the requirements of Section 12, "Accounting Policies, Change in Accounting Estimates and Errors" of Accounting and Financial Reporting Standards for Medium Sized Entities. Accordingly the effect of this change in accounting estimates has been recognized prospectively in the income and expenditure account of the current year. Had there been no change in this accounting estimate the loss for the year would have been higher by Rupees 9,240.

2.3 Investments

Classification of investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

(a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in income and expenditure account.

(b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Society has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in income and expenditure account when the investments are derecognized or impaired, as well as through the amortization process.

2.4 IMPAIRMENT

(a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(b) Non-financial assets

The carrying amounts of the Society's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in income and expenditure account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

SOCIETY FOR THE ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

2.5 Medicine inventory

These are valued on the basis of first-in-first-out.

2.6 Receivables

Receivables are recognized at book value which is the fair value of the consideration to be received in future. Balances considered bad are written off when identified.

2.7 Taxation

Current

The Society is engaged in activities that are geared for public benefit and is thus exempt from taxation under the Income Tax Ordinance, 2001 under clause 60 of Part 1 of the second schedule to the said Ordinance with respect to voluntary contributions received in the form of donations.

Deferred

The Society does not account for federal deferred taxation as no tax consequences follow from the income of the Society, as already mentioned above.

2.8 Cash and cash equivalents

Cash in hand and at banks are carried at fair value. For the purposes of cash flow statement, Cash and cash equivalents consist of cash in hand, balance in banks and highly liquid short term investments.

2.9 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pak Rupees, at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the income and expenditure account.

2.10 Accrued and other liabilities

Liabilities for accrued and other amounts payables are initially recognized at fair value which is normally the transaction cost.

2.11 Revenue recognition

- (a) Cash donations and voluntary contributions are recognized on actual receipt basis. Donations in kind are recognized at value assigned by the donors to the goods at the time of donations.
- (b) Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon; and
- (c) Return on investments is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable.

2.12 Deferred grants

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the project will comply with all attached conditions. Fair value signifies the amount received in cash and current market value in case of grant received in kind.

Grants relating to expenses are deferred and recognized in the income and expenditure account over the period necessary to match them with the expenses that they are intended to compensate.

2.13 Provisions

A provision is recognized in the balance sheet when the Society has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.14 Provident Fund

The Society operates contributory provident fund for all employees. Equal monthly contributions are made both by the Society and the employee to the fund at the rate of 5% of the basic salary till Sep 2012 and after that 2.5% of basic salary to date.